

TEACHERS' RETIREMENT BOARD
INVESTMENT COMMITTEE

SUBJECT: Monthly Activity Status Reports

ITEM NUMBER: 13

ATTACHMENT(S): 3

ACTION:

DATE OF MEETING: October 2, 2002

INFORMATION: X

PRESENTER(S): Christopher J. Ailman

EXECUTIVE SUMMARY

The following items are presented for your information. Mr. Ailman, and/or staff, will answer questions should the Committee Members have any regarding the attached.

- Attachment 1a - Credit Enhancement – Jean Kushida Uda
- Attachment 2b - Alternative Investments – Réal Desrochers
- Attachment 3c - Real Estate – Mike DiRé

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Credit Enhancement Program
Activity Status Report

ITEM NUMBER: 13

ATTACHMENT(S): 1a

ACTION: _____

DATE OF MEETING: October 2, 2002

INFORMATION: X

PRESENTER(S): Jean Kushida Uda

CalSTRS underwrote a confirming letter of credit in support of a bond issue for the city of Palm Springs. CalSTRS will be backing a California-based bank, and CalSTRS will be in the second loss position. The bond issue is for \$8 million and will be used to construct a multi-level parking structure located in the City's downtown business and shopping district. The confirming letter of credit will be for three years. The bond issue will close the end of June

CalSTRS CREDIT ENHANCEMENT PROGRAM
PROGRAM SUMMARY AS OF AUGUST 31, 2002

Transaction	LOC #	Type	Closing Date	End of Commitment	Principal Commitment	Interest Commitment	Total Commitment	Fiscal 2002-03 Fee Income	Fee Income To Date
DIRECT RISK									
Port of Long Beach	--	Liquidity	Jul-01	Jul-06	\$87,500,000	\$0	\$87,500,000	\$39,267	\$708,194
LA Fairplex	34	Credit	Sep-00	Sep-07	\$19,700,000	\$265,545	\$19,965,545	\$51,023	\$728,699
San Diego UPD, Series A	20	Credit	Oct-97	Oct-02	\$27,500,000	\$2,576,712	\$30,076,712	\$8,627	\$141,283
San Diego UPD, Series B	21	Credit	Oct-97	Oct-02	\$22,500,000	\$2,108,219	\$24,608,219	\$8,420	\$144,923
Pasadena Parking Authority	41	Credit	Jul-01	Jul-04	\$7,850,000	\$605,104	\$8,455,104	\$9,486	\$37,724
Pasadena Rosebowl	42	Credit	Jul-01	Jul-04	\$13,850,000	\$245,885	\$14,095,885	\$15,015	\$60,228
Kern High School 1995A	43	Credit	Aug-01	Aug-04	\$5,800,000	\$114,411	\$5,914,411	\$0	\$20,711
Kern High School 1995B	44	Credit	Aug-01	Aug-04	\$4,425,000	\$87,288	\$4,512,288	\$0	\$15,794
CHFA HMRB 1999 Series P & Q	28a	Liquidity	Dec-99	Apr-04	\$10,466,250	\$648,908	\$11,115,158	\$4,121	\$55,241
CHFA Multi-family 2000 A & B	36	Liquidity	Nov-00	Jul-05	\$24,821,250	\$1,538,918	\$26,360,168	\$14,639	\$95,731
CHFA Multi-family 2000 C & D	37	Liquidity	Nov-00	Nov-05	\$20,558,750	\$1,274,643	\$21,833,393	\$12,142	\$79,272
Kern High School 2001	45	Credit	Aug-01	Aug-04	\$12,853,000	\$301,688	\$13,154,688	\$0	\$43,569
Lewis & Clark 2000 Series A	50	Credit	Jun-02	Jun-05	\$25,000,000	\$2,284,932	\$27,284,932	\$0	\$0
Lewis & Clark 2002 Series A	51	Credit	Jun-02	Jun-05	\$10,000,000	\$157,808	\$10,157,808	\$0	\$0
Public Policy Institute 2001A	48a	Liquidity	Jun-02	Jun-07	\$6,532,500	\$73,021	\$6,605,521	\$10,128	\$13,211
Public Policy Institute 2001B	48b	Liquidity	Jun-02	Jun-07	\$10,217,500	\$114,212	\$10,331,712	\$15,842	\$20,663
DIRECT RISK SUBTOTAL					\$309,574,250	\$12,397,294	\$321,971,544	\$188,710	\$2,165,243
DIRECT RISK - SECURED									
Buck Research on Aging	46	Credit	Dec-01	Dec-06	\$27,800,000	\$402,148	\$28,202,148	\$50,451	\$123,933
BOND INSURED									
Adventist West	--	Liquidity	Feb-98	Feb-05	\$114,500,000	\$1,693,973	\$116,193,973	\$0	\$704,171
Fremont-Rideout Health Group	--	Liquidity	May-02	Jul-07	\$25,000,000	\$558,904	\$25,558,904	\$19,595	\$19,595
CHFA 1998 Series P	27a	Liquidity	Apr-99	Dec-04	\$9,125,000	\$707,188	\$9,832,188	\$3,977	\$46,395
CHFA 1998 Series T	27b	Liquidity	Apr-99	Dec-04	\$4,793,750	\$371,516	\$5,165,266	\$2,089	\$23,262
CHFA 1998 Series M	27c	Liquidity	Apr-99	Dec-04	\$15,076,000	\$1,168,390	\$16,244,390	\$6,590	\$89,543
CHFA 1999 Series O	28b	Liquidity	Dec-99	Apr-04	\$18,948,750	\$1,468,528	\$20,417,278	\$7,700	\$89,552
CHFA 2000 Series C	29a	Liquidity	Jan-00	Apr-04	\$10,625,000	\$658,750	\$11,283,750	\$4,564	\$44,433
CHFA 2000 Series D	29b	Liquidity	Jan-00	Apr-04	\$19,887,500	\$1,541,281	\$21,428,781	\$8,211	\$86,773
CHFA 2000 Series G	29c	Liquidity	Apr-00	Apr-04	\$17,433,750	\$1,080,893	\$18,514,643	\$7,452	\$67,225
CHFA 2000 Series H	29d	Liquidity	Apr-00	Apr-04	\$28,132,500	\$2,180,269	\$30,312,769	\$11,664	\$112,577
CHFA 2000 Series J, L, N	29e	Liquidity	May-00	May-03	\$30,091,250	\$2,332,072	\$32,423,322	\$13,001	\$110,982
CHFA 2000 Series K	29f	Liquidity	May-00	May-03	\$29,376,250	\$3,794,432	\$33,170,682	\$13,416	\$115,035
CHFA 2000 Series U	35	Liquidity	Oct-00	Oct-03	\$9,748,750	\$745,178	\$10,493,928	\$4,450	\$31,508
CHFA 2000 Series X-1 & X-2	38	Liquidity	Dec-00	Dec-03	\$14,246,250	\$1,088,960	\$15,335,210	\$6,407	\$40,791
CHFA 2001 Series C	39a	Liquidity	Jan-01	Jan-06	\$3,017,500	\$230,653	\$3,248,153	\$0	\$5,824
CHFA 2001 Series F	39b	Liquidity	Apr-01	Apr-03	\$6,250,000	\$477,740	\$6,727,740	\$0	\$7,602
The RAND Corporation	49	Liquidity	Jul-02	Jul-05	\$47,500,000	\$1,089,863	\$48,032,981	\$30,354	\$30,354
BOND INSURED SUBTOTAL					\$403,752,250	\$21,188,590	\$424,383,958	\$139,470	\$1,625,622

CalSTRS CREDIT ENHANCEMENT PROGRAM
PROGRAM SUMMARY AS OF AUGUST 31, 2002

Transaction	LOC #	Type	Closing Date	End of Commitment	Principal Commitment	Interest Commitment	Total Commitment	Fiscal 2002-03 Fee Income	Fee Income To Date
DIRECT PAY LETTERS OF CREDIT									
APM, Inc. Series 1994A	25	Credit	Aug-99	Aug-05	\$300,000	\$6,707	\$306,707	\$653	\$9,616
Altamont/Pkging Series 1994A	25	Credit	Aug-99	Aug-05	\$2,290,000	\$51,196	\$2,341,196	\$1,684	\$20,475
DV Packaging/La Barbera	25	Credit	Aug-99	Aug-05	\$1,020,000	\$22,803	\$1,042,803	\$1,000	\$13,786
Wilson Entities	24	Credit	Sep-99	Aug-05	\$2,300,000	\$51,419	\$2,351,419	\$1,802	\$21,670
Tulip Corporation	31	Credit	Jul-00	Jul-05	\$2,000,000	\$44,712	\$2,044,712	\$0	\$15,931
Santa Clara 1997A (5 yr term)	33	Credit	Aug-00	Aug-07	\$4,235,000	\$71,009	\$4,306,009	\$8,331	\$26,836
Propak of California	1	Credit	Nov-94	Nov-04	\$1,985,000	\$44,377	\$2,029,377	\$1,736	\$76,651
J. Michelle/Edie Lee	1	Credit	Nov-94	Nov-04	\$1,340,000	\$29,957	\$1,369,957	\$1,405	\$72,275
Pasco Scientific	1	Credit	Nov-94	Nov-04	\$1,805,000	\$40,353	\$1,845,353	\$1,981	\$78,041
American River Packaging	1	Credit	Nov-94	Nov-04	\$1,645,000	\$36,776	\$1,681,776	\$1,684	\$55,402
Intermountain Trading	2	Credit	Feb-95	Jan-05	\$190,000	\$4,248	\$194,248	\$354	\$14,583
Andercraft Products	2	Credit	Feb-95	Jan-05	\$550,000	\$12,296	\$562,296	\$1,042	\$43,500
Sunclipse, Inc. (Alhambra)	2	Credit	Feb-95	Jan-05	\$3,200,000	\$71,540	\$3,271,540	\$3,106	\$90,402
Sunclipse, Inc. (Union City)	2	Credit	Feb-95	Jan-05	\$2,135,000	\$47,730	\$2,182,730	\$2,132	\$64,311
Busseto Foods, Inc. (Rapelli)	2	Credit	Feb-95	Jan-05	\$2,500,000	\$55,890	\$2,555,890	\$2,466	\$71,259
American Zettler	4	Credit	Mar-95	Mar-05	\$1,825,000	\$40,800	\$1,865,800	\$1,931	\$55,081
Contech Engineering Prod.	4	Credit	Mar-95	Mar-05	\$690,000	\$15,426	\$705,426	\$1,086	\$35,611
Evapco, Inc.	4	Credit	Mar-95	Mar-05	\$315,000	\$7,042	\$322,042	\$547	\$15,303
Florestone Products Co.	4	Credit	Mar-95	Mar-05	\$940,000	\$21,015	\$961,015	\$1,173	\$40,367
Grundfos Pumps Company	4	Credit	Mar-95	Mar-05	\$6,000,000	\$134,137	\$6,134,137	\$5,568	\$150,088
NRI, Inc.	4	Credit	Mar-95	Mar-05	\$1,135,000	\$25,374	\$1,160,374	\$1,333	\$52,608
W & H Voortman, Inc.	4	Credit	Mar-95	Mar-05	\$2,220,000	\$49,631	\$2,269,631	\$2,003	\$55,796
Allwire, Inc.	6	Credit	Mar-95	Mar-05	\$210,000	\$4,695	\$214,695	\$492	\$17,169
Fairway Real Estate	6	Credit	Mar-95	Mar-05	\$420,000	\$9,390	\$429,390	\$958	\$37,506
S & P Investments	6	Credit	Mar-95	Mar-05	\$885,000	\$19,785	\$904,785	\$1,109	\$38,196
Northwest Pipe & Casing	7	Credit	Apr-95	Apr-05	\$2,000,000	\$44,712	\$2,044,712	\$2,580	\$88,133
Zieman Manufacturing	7	Credit	Apr-95	Apr-05	\$280,000	\$6,260	\$286,260	\$877	\$21,879
Carvin Corporation	8	Credit	Jun-95	Jun-05	\$140,000	\$3,130	\$143,130	\$1,114	\$65,776
Kennerley-Spratling	8	Credit	Jun-95	Jun-05	\$1,700,000	\$38,005	\$1,738,005	\$1,994	\$80,664
Walker Spring and Stamping Corp.	9	Credit	Sep-95	Sep-04	\$2,820,000	\$63,044	\$2,883,044	\$2,759	\$89,488
South Bay Circuits, Inc.	9	Credit	Sep-95	Sep-04	\$1,200,000	\$26,827	\$1,226,827	\$1,415	\$49,957
Red Line Oil Co.	10	Credit	Nov-95	Nov-04	\$930,000	\$20,791	\$950,791	\$1,150	\$33,089
Johansen Dielectrics (JDI)	10	Credit	Nov-95	Nov-04	\$1,025,000	\$22,915	\$1,047,915	\$1,237	\$57,365
Peet's Coffee	10	Credit	Nov-95	Nov-04	\$1,300,000	\$29,063	\$1,329,063	\$1,489	\$68,561
Safariland	13	Credit	Oct-96	Oct-04	\$2,800,000	\$57,995	\$2,857,995	\$0	\$48,580
Control Air Conditioning	18	Credit	May-97	May-05	\$4,200,000	\$75,945	\$4,275,945	\$0	\$107,044
Cordeiro Vault Co., Inc.	15	Credit	Dec-96	Dec-04	\$475,000	\$10,619	\$485,619	\$796	\$31,353
Fibrebond West, Inc.	17	Credit	Dec-96	Dec-04	\$3,790,000	\$84,730	\$3,874,730	\$3,766	\$136,976
DIRECT PAY LETTERS OF CREDIT SUBTOTAL					\$64,795,000	\$1,402,344	\$66,197,344	\$64,753	\$2,051,328

CalSTRS CREDIT ENHANCEMENT PROGRAM
PROGRAM SUMMARY AS OF AUGUST 31, 2002

Transaction	LOC #	Type	Closing Date	End of Commitment	Principal Commitment	Interest Commitment	Total Commitment	Fiscal 2002-03 Fee Income	Fee Income To Date
CONFIRMING LETTERS OF CREDIT & OTHER INDIRECT RISK									
Monrovia Redevelopment Agency	CLOC 3	Credit	Jan-98	Jan-03	\$8,300,000	\$221,712	\$8,521,712	\$0	\$88,926
St. Vincent de Paul	CLOC 7	Credit	May-99	May-05	\$7,485,000	\$110,737	\$7,595,737	\$6,720	\$96,540
Delta Tau Data Systems	CLOC 8	Credit	Aug-98	Aug-05	\$5,545,000	\$82,036	\$5,627,036	\$5,584	\$99,938
Dix Metals	CLOC 9	Credit	Sep-98	Sep-04	\$5,045,000	\$74,638	\$5,119,638	\$0	\$74,572
City of Fillmore	CLOC 10	Credit	Sep-98	Sep-04	\$10,120,000	\$192,973	\$10,312,973	\$0	\$77,061
Accurate Engineering	CLOC 12	Credit	Oct-98	Oct-04	\$4,045,000	\$59,844	\$4,104,844	\$2,148	\$40,847
The Terraces/Park Marino	CLOC 13	Credit	Oct-98	Oct-04	\$7,775,000	\$127,808	\$7,902,808	\$7,991	\$131,976
Santa Paula (Water Supply)	CLOC 14	Credit	Nov-98	Nov-04	\$23,500,000	\$448,110	\$23,948,110	\$12,107	\$170,388
Mission Viejo	CLOC 15	Credit	May-99	May-06	\$31,100,000	\$2,177,852	\$33,277,852	\$0	\$276,622
City of Fillmore	CLOC 16	Credit	Mar-99	Jun-05	\$7,345,000	\$137,643	\$7,482,643	\$0	\$48,305
City of Ontario	CLOC 17	Credit	Apr-99	Apr-05	\$8,020,000	\$147,656	\$8,167,656	\$0	\$58,542
City of Ontario	CLOC 18	Credit	Apr-99	Apr-05	\$6,430,000	\$116,268	\$6,546,268	\$0	\$46,618
Watt Four	CLOC 19	Credit	May-99	May-05	\$2,240,000	\$37,558	\$2,277,558	\$0	\$38,367
Evergreen	CLOC 20	Credit	Jun-99	Jun-05	\$2,303,750	\$34,083	\$2,337,833	\$1,477	\$24,334
Fontana Redevelopment	CLOC 21	Credit	Jun-99	Jun-05	\$3,114,361	\$0	\$3,114,361	\$0	\$25,001
New United Motor (NUMMI)	CLOC 22	Credit	Jun-99	May-03	\$11,015,000	\$130,369	\$11,145,369	\$9,861	\$109,658
Inland	CLOC 23	Credit	Jun-99	Jun-05	\$44,485,000	\$2,925,041	\$47,410,041	\$0	\$312,380
Alameda Point	CLOC 26	Credit	Sep-99	Sep-04	\$10,000,000	\$391,233	\$10,391,233	\$0	\$58,422
Apple Valley	CLOC 27	Credit	Sep-99	Sep-04	\$5,325,000	\$208,332	\$5,533,332	\$0	\$34,094
Primero Grove	CLOC 28	Credit	Dec-99	Dec-04	\$10,935,000	\$104,856	\$11,039,856	\$10,465	\$126,521
Starter/Alternator	CLOC 29	Credit	Sep-99	Sep-04	\$5,000,000	\$73,973	\$5,073,973	\$7,696	\$36,307
Adelanto PUA, Series A	CLOC 30	Credit	Feb-00	Feb-05	\$9,385,000	\$166,616	\$9,551,616	\$0	\$34,153
Adelanto PUA, Series B, C	CLOC 30	Credit	Feb-00	Feb-05	\$34,940,000	\$620,305	\$35,560,305	\$0	\$126,239
San Francisco Conservatory of Music	CLOC 31	Credit	Mar-00	Mar-05	\$10,000,000	\$170,959	\$10,170,959	\$0	\$92,810
Oakland-Alameda Cnty Coliseum	STRS 30	Credit	May-00	May-03	\$51,200,000	\$942,641	\$52,142,641	\$26,286	\$253,898
City of Compton	CLOC 33	Credit	Jun-00	Jun-05	\$5,485,000	\$104,591	\$5,589,591	\$12,229	\$24,458
Marborg Industries (Term 2 yrs)	CLOC 34	Credit	Jun-00	Jun-04	\$5,425,000	\$82,044	\$5,507,044	\$0	\$15,257
AAA Packing & Shipping Inc.	CLOC 35	Credit	Jun-00	Jun-05	\$3,000,000	\$44,384	\$3,044,384	\$0	\$12,867
City of Lake Elsinore	CLOC 36	Credit	Jul-00	Jul-05	\$15,660,000	\$288,316	\$15,948,316	\$0	\$80,948
City of Duarte	CLOC 37	Credit	Apr-01	Apr-05	\$6,000,000	\$110,466	\$6,110,466	\$0	\$12,221
City of Vallejo	CLOC 38	Credit	May-01	May-05	\$16,350,000	\$311,770	\$16,661,770	\$0	\$33,324
Megatoys	CLOC 40	Credit	Jun-01	Jun-06	\$3,000,000	\$54,247	\$3,054,247	\$0	\$12,217
Oakland-Alameda Arena	STRS 40	Credit	Jul-01	Jul-04	\$42,300,000	\$2,347,650	\$44,647,650	\$20,423	\$87,573
Beaumont Wastewater	CLOC 41	Credit	Aug-01	Aug-05	\$9,790,000	\$177,025	\$9,967,025	\$0	\$19,580
Advance Business Graphics	CLOC 42	Credit	Aug-01	Aug-05	\$6,050,000	\$89,507	\$6,139,507	\$0	\$30,877
Santa Clara 2001A	CLOC 43	Credit	Oct-01	Oct-04	\$7,560,000	\$111,847	\$7,671,847	\$0	\$26,694
The Ratto Group	CLOC 44	Credit	Nov-01	Nov-04	\$9,845,000	\$145,652	\$9,990,652	\$0	\$34,749
City of Montebello	CLOC 45	Credit	Dec-01	Dec-04	\$8,750,000	\$163,973	\$8,913,973	\$0	\$17,828
Plastikon Industries Project	CLOC 46	Credit	Jan-02	Jan-05	\$6,500,000	\$230,795	\$6,730,795	\$23,558	\$23,558
City of Sanger	CLOC 47	Credit	Mar-02	Mar-05	\$16,590,000	\$327,255	\$16,917,255	\$0	\$34,304
Las Palomas	CLOC 48	Credit	Apr-02	Apr-05	\$5,100,000	\$78,200	\$5,178,200	\$0	\$12,946
Madera Municipal Golf Course	CLOC 49	Credit	May-02	May-05	\$5,140,000	\$167,578	\$5,307,578	\$0	\$10,763
California Waste Solutions, Inc.	CLOC 51	Credit	May-02	May-05	\$11,275,000	\$166,808	\$11,441,808	\$0	\$46,165
7/11 Materials, Inc.	CLOC 52	Credit	Jun-02	Jun-05	\$5,000,000	\$75,000	\$5,075,000	\$0	\$20,477
West Covina	CLOC 53	Credit	Jun-02	Jun-05	\$22,395,000	\$441,764	\$22,836,764	\$0	\$57,885
City of Palm Springs	CLOC 55	Credit	Aug-02	Jul-05	\$8,000,000	\$152,548	\$8,152,548	\$20,664	\$20,664
CONFIRMING LETTERS OF CREDIT & OTHER INDIRECT RISK SUBTOTAL					\$543,868,111	\$15,374,663	\$559,242,774	\$167,209	\$3,117,874
REDEEMED TRANSACTIONS									
REDEEMED SUBTOTAL					\$0	\$0	\$0	\$1,406	\$3,511,376
GRAND TOTAL					\$1,349,789,611	\$50,765,039	\$1,399,997,768	\$611,999	\$12,595,376

CalSTRS CREDIT ENHANCEMENT PROGRAM
CREDIT ENHANCEMENT EXPOSURE
PROGRAM SUMMARY AS OF AUGUST 31, 2002

Borrower	Financial Institution	Principal Commitment	Interest Commitment	Total Commitment	Portfolio Percentage	Moody's Rating	S&P Rating
DIRECT RISK *							
Port of Long Beach	(Dexia)	\$87,500,000	\$0	\$87,500,000	6.25%	Aa3	AA-
San Diego Unified Port District	(CIBC)	\$27,500,000	\$2,576,712	\$30,076,712	2.15%	A1	A+
Buck Research Center on Aging	(Bank of New York)	\$27,800,000	\$402,148	\$28,202,148	2.01%	not rated	not rated
Lewis & Clark 2000 Series A	(Bank of New York)	\$25,000,000	\$2,284,932	\$27,284,932	1.95%	not rated	not rated
CHFA 2000 Multi-family A & B	(Helaba Bank)	\$24,821,250	\$1,538,918	\$26,360,168	1.88%	Aa3	AA-
San Diego Unified Port District	(CIBC)	\$22,500,000	\$2,108,219	\$24,608,219	1.76%	A1	A+
CHFA 2000 Multi-family C & D	(Helaba Bank)	\$20,558,750	\$1,274,643	\$21,833,393	1.56%	Aa3	AA-
LA Fairplex	(Allied Irish Bank)	\$19,700,000	\$265,545	\$19,965,545	1.43%	not rated	not rated
Pasadena Rose Bowl	(Bank of New York)	\$13,850,000	\$245,885	\$14,095,885	1.01%	A2	A+
Kern High School 2001	(Bank of New York)	\$12,853,000	\$301,688	\$13,154,688	0.94%	A2	not rated
CHFA HMRB 1999 Series P & Q	(Commerzbank Aktiengesellschaft)	\$10,466,250	\$648,908	\$11,115,158	0.79%	Aa2	AA-
Public Policy Institute 2001B	(Bank of New York)	\$10,217,500	\$114,212	\$10,331,712	0.74%		
Lewis & Clark 2002 Series A	(Bank of New York)	\$10,000,000	\$157,808	\$10,157,808	0.73%	not rated	not rated
Pasadena Parking Authority	(Bank of New York)	\$7,850,000	\$605,104	\$8,455,104	0.60%	A2	A+
Public Policy Institute 2001A	(Bank of New York)	\$6,532,500	\$73,021	\$6,605,521	0.47%		
Kern High School 1995A	(Bank of New York)	\$5,800,000	\$114,411	\$5,914,411	0.42%	A2	not rated
Kern High School 1995B	(Bank of New York)	\$4,425,000	\$87,288	\$4,512,288	0.32%	A2	not rated
TOTAL - DIRECT RISK		\$337,374,250	\$12,799,442	\$350,173,692	25%		

* These are direct risk transactions. The obligations of CalSTRS and the partner financial institutions are several and not joint.
CalSTRS is not responsible for the obligation of the partner financial institution.

CalSTRS CREDIT ENHANCEMENT PROGRAM
CREDIT ENHANCEMENT EXPOSURE
PROGRAM SUMMARY AS OF AUGUST 31, 2002

Borrower	Financial Institution	Principal Commitment	Interest Commitment	Total Commitment	Portfolio Percentage	Moody's Rating	S&P Rating
INDIRECT RISK & FINANCIAL INSTITUTION EXPOSURE **							
Various borrowers	Union Bank of California, N.A.	\$374,819,335	\$11,094,472	\$385,913,807	27.57%	A1	A-
Various borrowers	FSA	\$161,935,000	\$13,614,498	\$175,549,498	12.54%	Aaa	AAA
Various borrowers	MBIA	\$145,574,750	\$4,085,281	\$149,660,031	10.69%	Aaa	AAA
Various borrowers	AMBAC	\$96,242,500	\$3,488,811	\$99,174,429	7.08%	Aaa	AAA
Various borrowers	Sumitomo Mitsui Banking Corp.	\$42,300,000	\$2,347,650	\$44,647,650	3.19%	A3	BBB+
Various borrowers	City National Bank	\$35,035,000	\$534,616	\$35,569,616	2.54%	A3 ¹ / Aaa ²	BBB+ ¹ / AAA ²
Various borrowers	The Sakura Bank, Ltd.	\$23,600,026	\$434,499	\$24,034,525	1.72%	A3	BBB+
Various borrowers	United California Bank	\$22,365,000	\$385,364	\$22,750,364	1.63%	A2	BBB+
Various borrowers	Bank of America	\$14,635,000	\$322,580	\$14,957,580	1.07%	Aa1	AA-
Various borrowers	East West Bank	\$11,275,000	\$166,808	\$11,441,808	0.82%	A1	A+
Various borrowers	Bank of Tokyo-Mitsubishi, Ltd.	\$11,015,000	\$130,369	\$11,145,369	0.80%	A2	A-
Various borrowers	Tokai Bank of California	\$10,935,000	\$104,856	\$11,039,856	0.79%	A3	BBB
Various borrowers	Westamerica Bancorp	\$9,845,000	\$145,652	\$9,990,652	0.71%	Aaa ³	AAA ³
Various borrowers	Wells Fargo Bank	\$8,390,000	\$187,569	\$8,577,569	0.61%	Aa1	AA-
Various borrowers	General Bank	\$8,300,000	\$221,712	\$8,521,712	0.61%	Aaa ³	AAA ³
Various borrowers	Unibank	\$6,000,000	\$134,137	\$6,134,137	0.44%	Aa3	A+
Various borrowers	Santa Barbara Bank & Trust	\$5,425,000	\$82,044	\$5,507,044	0.39%	Aaa ³	AAA ³
Various borrowers	US Bank	\$5,000,000	\$73,973	\$5,073,973	0.36%	Aaa ³	AAA ³
Various borrowers	Hibernia National Bank	\$3,790,000	\$84,730	\$3,874,730	0.28%	A3	BBB+
Various borrowers	Comerica Bank - California	\$3,700,000	\$82,717	\$3,782,717	0.27%	A1	A
Various borrowers	Far East National Bank	\$3,000,000	\$54,247	\$3,054,247	0.22%	Aaa ³	AAA ³
Various borrowers	Coast Commercial Bank	\$2,300,000	\$51,419	\$2,351,419	0.17%	Aaa ³	AAA ³
Various borrowers	First National Bank	\$2,303,750	\$34,083	\$2,337,833	0.17%	Aaa ³	AAA ³
Various borrowers	Bank of Nova Scotia	\$2,220,000	\$49,631	\$2,269,631	0.16%	Aa3	A+
Various borrowers	Wachovia Bank, National Association	\$1,300,000	\$29,063	\$1,329,063	0.09%	Aa3	A+
Various borrowers	Mellon Bank	\$690,000	\$15,426	\$705,426	0.05%	Aa3	AA-
Various borrowers	Mellon 1st Business Bank	\$420,000	\$9,390	\$429,390	0.03%	A2	A+
TOTAL - INDIRECT RISK & FINANCIAL INSTITUTIONS		\$1,012,415,361	\$37,965,597	\$1,049,824,076	75%		
TOTAL CREDIT ENHANCEMENT EXPOSURE		\$1,349,789,611	\$50,765,039	\$1,399,997,768	100%		

** These are indirect risk transactions. CalSTRS is in a second loss position. CalSTRS is obligated to pay only if the fronting financial institution is unable to.

¹ \$7 million bank risk

² \$14 million treasury/agency-backed securities

³ Treasury or agency-backed securities

TEACHERS' RETIREMENT BOARD
INVESTMENT COMMITTEE

SUBJECT: Alternative Investments
Activity Status Report

ITEM NUMBER: 13

ATTACHMENT(S): 2b

ACTION: _____

DATE OF MEETING: October 2, 2002

INFORMATION: X

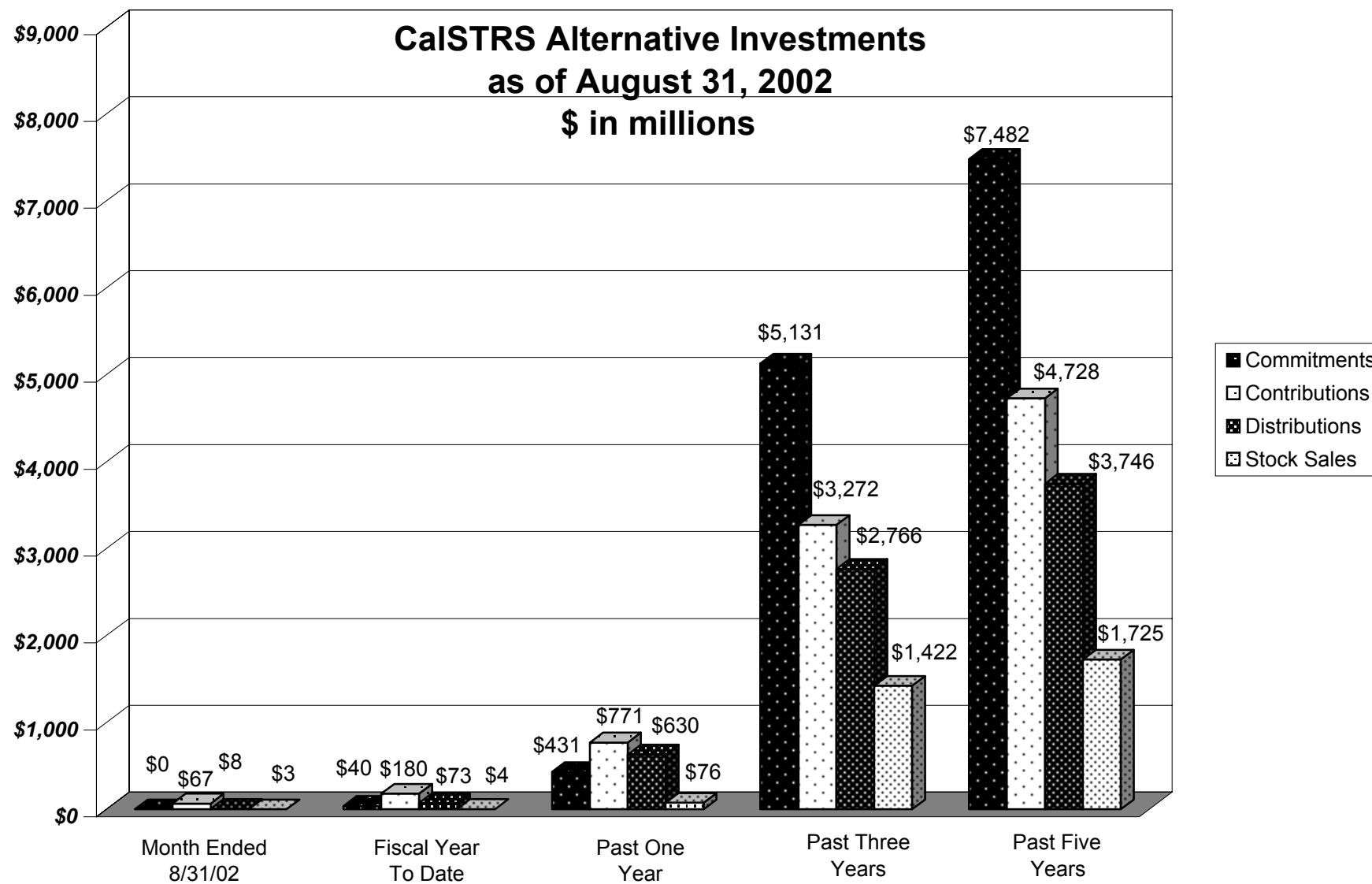
PRESENTER(S): Réal Desrochers

The table below contains Alternative Investment activity for the month of August 2002 and historical information for selected time periods.

	Month Ended 08/30/02	Fiscal Year To Date	Past One Year	Past Three Years	Past Five Years
<u>Commitments:</u>					
Partnerships	0	\$ 40,000,000	\$ 418,780,000	\$ 4,934,690,000	\$ 7,180,747,213
Co-Investments	0	0	12,500,000	194,011,858	219,011,854
Secondaries	0	0	0	2,047,424	82,114,669
	\$ 0	\$ 40,000,000	\$ 431,280,000	\$ 5,130,659,282	\$ 7,481,873,736
<u>Contributions:</u>					
Partnerships	\$ 66,235,433	\$ 177,690,125	\$ 741,263,036	\$ 3,092,869,054	\$ 4,443,163,080
Co-Investments	0	0	14,944,720	124,531,736	149,531,732
Secondaries	290,000	290,000	800,165	13,870,717	76,802,575
Mgmt. Fees (Outside)	310,794	1,810,309	14,329,467	40,680,526	58,571,888
	\$ 66,836,227	\$ 179,790,434	\$ 771,337,388	\$ 3,271,952,034	\$ 4,728,069,274
<u>Distributions:</u>					
Cash	\$ 4,115,981	\$ 67,913,022	\$ 549,351,209	\$ 1,320,924,417	\$ 2,028,205,278
Stock	4,329,447	5,121,530	80,861,465	1,445,074,860	1,718,217,138
	\$ 8,445,428	\$ 73,034,552	\$ 630,212,674	\$ 2,765,999,277	\$ 3,746,422,416
Stock Sales	\$ 2,835,317	\$ 3,788,354	\$ 75,614,582	\$ 1,421,552,052	\$ 1,725,388,021

The chart presented in the following attachment illustrates the total amount of capital that CalSTRS has committed and contributed to its limited partnerships, co-investments, and secondary interests for the five year period ending August 31, 2002. The chart also illustrates the amount of distributions received and stock sold over the past five years. For the five year period ending August 31, 2002, CalSTRS received total distributions of over \$3.7 billion, representing 79% of contributed capital.

During the month of July, staff made a \$40,000,000 commitment to Alta IX, L.P., in accordance with delegation of authority guidelines. The Executive Summary of this investment is also provided.



Delegation #58

Alternative Investments
EXECUTIVE SUMMARY OF ACTION TAKEN
UNDER DELEGATION OF AUTHORITY
ALTA IX COMMUNICATIONS, L.P.

Action: Staff recommends that CalSTRS commit \$40 million to Alta Communications IX, L.P.

Background: Alta Communications (“Alta” or the “Firm”) is seeking equity capital commitments with a target size of \$500 million to invest in the media and telecommunications industries.

Alta was formed in 1996 by William Egan, Brian McNeill, Timothy Dibble, and Robert Benbow. These four founders were formerly the media and communications investments team at Burr, Egan, Deleage & Company (“BEDCo”). In 1995, BEDCo split into three separate firms to form industry-focused funds in technology, healthcare, and communications. Alta Communications was formed to focus exclusively on the communications industry.

Alta has since expanded the team to eight partners who, collectively, have 100 years of experience and have invested in approximately 100 media and communications companies. The partners are supported by five associates, three entrepreneurs-in-residence, and nine administrative staff.

CalSTRS is an investor in four previous Alta funds with commitments of \$20 million to Alta V, \$20 million to Alta Communications VI, \$30 million to Alta Communications VII, and \$45 million to Alta Communications VIII. In addition, in March 2001, CalSTRS co-invested \$5 million alongside Alta in a Los Angeles-based Hispanic broadcasting company.

Analysis: The communications industry continues to be particularly attractive areas for long-term private equity investment due to their fundamental economic characteristics.

Alta will continue to use the same investment strategy that it has used over the past decade of investing in the media and telecommunications industries. While the Fund will be specialized, it will seek diversification across the broad number of subsectors within the industries, as well as geographic diversification by market. The Firm is expected to invest in 30 to 35 companies and to play an extremely active role in each. The Fund has a targeted internal rate of return (“IRR”) of 30%.

Alta has historically focused on providing growth and expansion capital to companies that are cash flow positive, have proven business models, and

have little or no technology risk. Alta anticipates that the majority of the Fund will be invested in media-related companies, with approximately one-third invested in telecommunications companies.

Traditional media's two main sectors are radio and television broadcasting, both of which have produced consistent revenue growth over the past 30 years. Likewise, the Firm's traditional media investments have produced very consistent performance. Notably, Alta has never lost money on any of its 66 traditional media investments made to date.

CalSTRS staff believes that Alta has a very cohesive team that possesses a significant amount of experience, investment skills, and market knowledge, and plays a very active role to provide value to its portfolio companies.

Investment Thesis: Staff is recommending an investment in Alta Communications IX, L.P. for the following reasons:

- The communications industry continues to have strong fundamental economic characteristics that make it an attractive area for investment.
- Alta is one of the most experienced and reputable private equity investors in the communications industry. Messrs. Egan, McNeill, Dibble, and Ms. McCarthy have been partners together for over a decade. The Firm is highly regarded as a value-added investor.
- The Fund will seek to significantly reduce risk compared to most venture capital funds by investing primarily in cash flow positive companies, companies with proven business models, and companies with little or no technology risk. Additionally, the Fund will target a higher concentration of investments in traditional media, which has experienced consistent revenue growth over the past 30 years.
- CalSTRS' Alternative Investments Venture Capital portfolio remains within the 20% target range with the inclusion of this proposed investment.
- Staff has received a positive investment recommendation from Pathway Capital Management.

Policy Compliance: This decision complies with the portfolio's policies and procedures, which were approved by the Investment Committee on June 3, 1998. Positive written recommendations by the Alternative Investments consultant and CalSTRS' staff have been documented. The investment analysis and due diligence were conducted in the manner previously reviewed and approved by the Investment Committee.

Recommendation: Staff recommends that CalSTRS commit \$40 million to Alta Communications IX, L.P. CalSTRS' commitment is subject to the successful negotiation of partnership terms and legal review.

By:

Deanna C. Winter

Deanna C. Winter
Investment Officer

Date 7/23/02

Recommended:

Réal Desrochers

Réal Desrochers
Director of Alternative Investments

Date July 23, 2002

Approved:

Jack Ehnes

Jack Ehnes
Chief Executive Officer

Date 7/21/02

TEACHERS' RETIREMENT BOARD
INVESTMENT COMMITTEE

SUBJECT: Real Estate – Activity Status Report

ITEM NUMBER: 13

ATTACHMENT(S): 3c

ACTION: _____

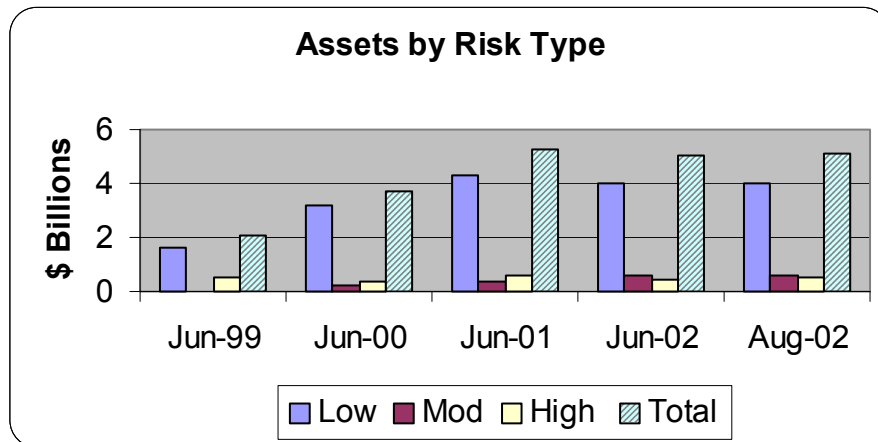
DATE OF MEETING: October 2, 2002

INFORMATION: X

PRESENTER(S): Mike DiRé and Hank Thomas

In accordance with the Investment Management Plan, CalSTRS has established an allocation for investment real estate to 7% of the total assets. The primary role of investment real estate is to improve diversification of the overall investment portfolio. Secondary objectives are to generate an enhanced yield to the actuarial plan rate assumption, and to provide stable cash flows. The real estate portfolio will incorporate a combination of low, moderate, and high risk real estate investment strategies to implement the approved plan.

The table and charts below show the growth of the overall real estate portfolio over the past five years.

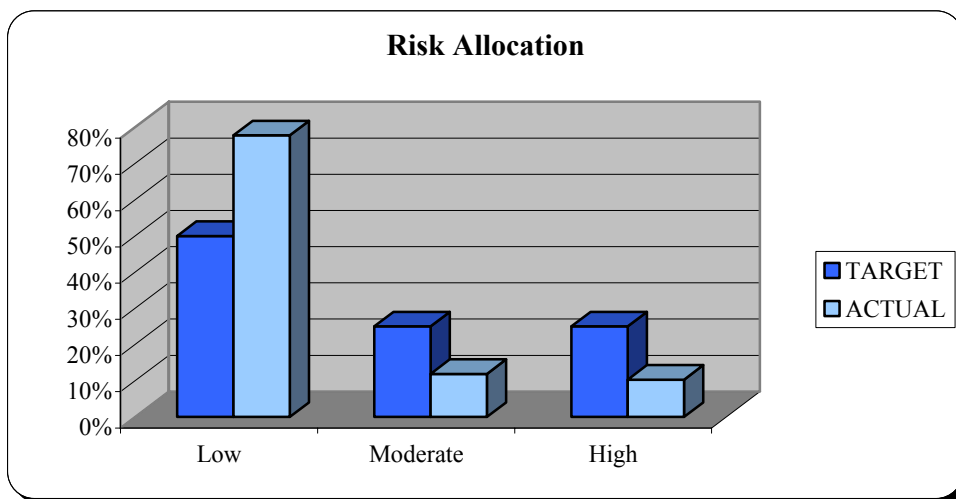


Growth of Real Estate Portfolio

		Jun-00	Jun-01	Jun-02	Aug-02
Low	\$1,597	\$3,152	\$4,300	\$3,979	\$3,990
Mod	\$0	\$189	\$368	\$585	\$608
High	\$511	\$399	\$602	\$470	\$528
Total	\$2,108	\$3,740	\$5,270	\$5,034	\$5,126

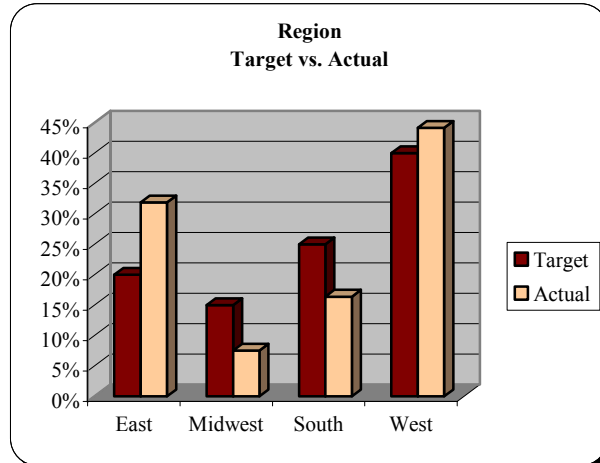
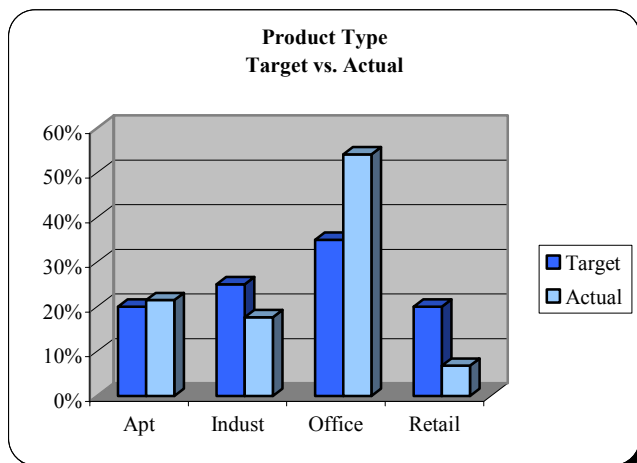
Graph shown in billions, table shown in millions

Targeted Risk Allocation Versus Actuals



The Low Risk portfolio is managed subject to diversification guidelines by product type and by regional area in the United States. The target allocation and the portfolio holdings as of August 31, 2002 are shown below.

Low Risk Portfolio - Target vs. Actual



The attached contains a summary of high risk opportunity fund commitments and capital accounts since inception. Also identified are specific transactions closed during the prior month and joint venture partnership activity to date.

**CalSTRS REAL ESTATE OPPORTUNITY FUND ACTIVITY STATUS REPORT
COMMITMENTS AND CAPITAL SUMMARY**

As of August 31, 2002

Opportunity <u>Fund</u>		<u>Date Fund Closed</u>	<u>Fund Size</u>	<u>STRS Commitment</u>	<u>Amount Funded by STRS</u>	<u>Unfunded Commitment</u>	<u>Since Inception</u>	
							<u>Returned Capital</u>	<u>Income Received</u>
Colony II		Apr-95	\$625,000,000	\$150,000,000	\$146,789,147	0	\$81,461,126	\$51,576,270
M.Stanley II	(1)	Nov-95	1,051,000,000	200,000,000	253,928,985	0	176,999,085	172,468,688
Lazard Freres		May-96	645,000,000	150,000,000	150,000,000	0	55,437,571	40,349,901
Lazard Freres - Co-Investment		May-96						
AAC/UDR	(2)		26,984,444	26,984,444	26,984,444	0	26,984,444	23,511,286
Dermody	(3)		19,841,270	19,841,270	19,841,270	0	0	8,619,485
William E. Simon & Sons		Jan-01	306,650,000	76,662,500	65,038,678		1,383,232	241,768
William E. Simon - Co-Investment								
SKS	(4)	Jan-01	57,223,810	40,056,667	39,208,069	848,598	3,237,911	1,248,371
CIM Urban Real Estate Fund		Mar-01	178,947,369	45,000,000	2,444,490	42,555,511	1,541,976	0
Soros Real Estate Investors		Jul-01	1,000,000,000	75,000,000	27,096,913	47,903,087	3,566,776	560,572
M.Stanley IV		Dec-01	2,250,000,000	200,000,000	51,395,794	148,604,206	0	1,891,780
Lone Star IV		Dec-01	2,278,787,879	200,000,000	5,423,553	194,576,447	180,645	0
Beacon Capital Partners		Jul-02	740,000,000	50,000,000	4,000,000	46,000,000	0	0
Canyon-Johnson Urban Fund		Jul-02	210,000,000	50,000,000	16,400,791	33,599,209	0	0
CJUF - Co-Investment								
Sunset & Vine Project	(5)	Jul-02	47,050,000	20,000,000	15,575,309	4,424,691	0	0
TOTALS				<u>\$1,303,544,881</u>	<u>\$824,127,442</u>	<u>\$518,511,749</u>	<u>\$350,792,766</u>	<u>\$300,468,121</u>

- (1) "Amount Funded by CalSTRS" amount includes reinvestment proceeds, per Partnership Agreement.
(2) CalSTRS co-investment is in American Apartment Communities/United Dominion Realty Trust, Inc.
(3) CalSTRS co-investment is in DP Operating Partnership Limited (Dermody).
(4) CalSTRS co-investment is in SKS, an office development platform in San Francisco.
(5) CalSTRS co-investment is in the Sunset & Vine project, a multi-property type urban development in Hollywood.

CalSTRS REAL ESTATE DIRECT ACQUISITIONS and DISPOSITIONS

August 31, 2002

ACQUISITIONS

<u>Property</u>	<u>ADVISOR</u>	<u>TYPE</u>	<u>ACQUISITION DATE</u>	<u>RISK</u>	<u>LOCATION</u>	<u>AMOUNT</u>	<u>DISPOSITION SALE DATE</u>	<u>IRR *</u>
Pacific Plaza	CB Richard Ellis	Office	June 25, 2002	Low	Walnut Creek, CA	\$ 56,618,000		11.6%
Pacific Northwest Group A	Lend Lease	Industrial	**	Low	Seattle, WA	\$ 2,377,077		
Total Acquisitions						\$ 58,995,077		

DISPOSITIONS

The Oaks	CB Richard Ellis	Retail	1991	Low	Thousand Oaks, CA	\$ 152,500,000	June 10, 2002	10.8%
Pacific Northwest Group A	Lend Lease	Industrial	1984	Low	Seattle, WA	\$ 44,041,668	June 4, 2002	10.6%
Total Dispositions						\$ 196,541,668		

*Acquisitions - IRR represents projected after fee Dispositions - IRR represents since inception, after fee to CalSTRS

** Purchase of CalPERS interest in joint venture of additional 1%.

CalSTRS REAL ESTATE JOINT VENTURE PARTNERSHIPS

August 31, 2002

<u>Partnership</u>	<u>Fiduciary</u>	<u>Initial Funding Date</u>	<u>Type</u>	<u>Risk</u>	<u>Location</u>	<u>Commitment</u>	<u>Since Inception Amount Funded</u>	<u>Unfunded Commitment</u>
SF Waterfront Partners, LLC	The McMahan Group	October-01	Office/Mixed	High	San Francisco (Urban)	\$ 12,700,000	\$ 2,012,994	\$ 10,687,006
Waterton Residential Property	The McMahan Group	June-02	Apartment	High	National	\$ 85,000,000	\$ 18,765,000	\$ 66,235,000
AIMCO Student Housing	Heitman Capital Mgmt		Apartment	High	National	\$ 150,000,000	\$ -	\$ -
Total JV Partnerships						\$ 247,700,000	\$ 20,777,994	\$ 76,922,006